

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 08068 121538Z
ACTION ARA-15

INFO OCT-01 ISO-00 AID-05 AGRE-00 EB-08 COME-00 OMB-01
TRSE-00 FRB-03 L-03 SP-02 CIAE-00 INR-10 NSAE-00
XMB-02 SS-15 OES-09 /074 W
-----090204 131849Z /42
R 121358Z SEP 78
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 1801

LIMITED OFFICIAL USE LIMA 8068

DEPT PASS USDA FOR OGSM

ALSO FOR AID

E.O. 11652: N/A
TAGS: EAID EAGR PE
SUBJ: PL 480 TITLE I REQUEST FOR 1979

1. THE MINISTER OF INDUSTRY AND COMMERCE HAS REQUESTED THE
AMBASSADOR'S ASSISTANCE IN THE GOP'S EFFORTS TO OBTAIN A PL 480
TITLE I CREDIT LINE OF \$45 MILLION DOLLARS FOR 1979. THE PRODUCTS,
QUANTITIES AND VALUES PROPOSED BY THE MINISTER ARE:

RICE 80,000 MT \$25 MILLION
VEGOIL 25,000 MT 15 MILLION
WHEAT 40,000 MT 5 MILLION

2. THE CURRENT ECONOMIC CRISIS CONFRONTING PERU MAKES IT IMPERATIVE
THAT STRONGEST CONSIDERATION BE GIVEN TO THIS REQUEST. WITHOUT
CREDIT OFFERINGS OF THIS NATURE IT NOW APPEARS THAT THE COUNTRY
WILL HAVE TO DECREASE ITS IMPORTS ACCORDINGLY, AND PER CAPITA
CONSUMPTION WILL DECLINE EVEN FARTHER. MALNUTRITION AND DISEASE
ARE NOW ON THE RISE, AND TO DEPRIVE THE CITIZENS OF FAVORABLE
CREDIT WILL FURTHER COMPLICATE WHAT IS NOW A VERY SERIOUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 08068 121538Z

SITUATION. THE RECENT GOVERNMENT DECISION TO ELIMINATE ALL FOOD
SUBSIDIES TO CONSUMERS SHOULD BENEFIT THE RURAL PRODUCER IN THE
LONG RUN, THOUGH THE SOCIAL COST IN TERMS OF URBAN MALNUTRITION
WILL BE ACCELERATED.

3. WHATEVER THE OUTCOME OF PERU'S PL 480 CREDIT ALLOCATION,
THE COUNTRY'S FIRST PRIORITY IS RICE. A SEVERE DROUGHT IN THE

NORTHERN

AREAS HAS CAUSED A DROP IN PRODUCTION OF ABOUT 100,000 METRIC TONS, MILLED BASIS. THUS, JUST TO MAINTAIN CONSUMPTION AT ITS CURRENT LEVEL, IT WILL BE NECESSARY FOR PERU TO IMPORT AT MINIMUM 80,000 MT BEFORE THE 1979 RICE HARVEST COMMENCES.

4. WITH THE EXCEPTION OF TWO OF THE PAST NINE YEARS, PERU HAS NOT HAD TO IMPORT RICE. THESE IMPORTS (77,500 MT IN 1975 AND 70,500 MT IN 1976) WERE NECESSARY BECAUSE OF BAD WEATHER. THEREFORE, WE FEEL PERU SHOULD BE CONSIDERED SELF-SUFFICIENT, AND NOT A TRADITIONAL IMPORTER OF THIS PRODUCT.

5. CONSIDER THE URGENCY TO IMPORT RICE, THE GOP HAS ADVISED THAT IT SHOULD BE CONSIDERED AS THE PRIORITY ITEM IN ITS PL 480 TITLE I CREDIT ALLOCATION. THEY HAVE REQUESTED THAT THE CURRENT AGREEMENT BE AMENDED IN ORDER TO ALLOW FOR IMPORTS OF 50,000 METRIC TONS (ABOUT \$15 MILLION) DURING THE LAST THREE MONTHS OF CY 1978. WE STRONGLY SUPPORT THIS REQUEST AND URGE THAT IMMEDIATE ACTION BE TAKEN IN ORDER THAT THEY CAN BEGIN STEPS TO PROCURE THE PRODUCT IN THE VERY NEAR FUTURE.

6. THE URGENT NEED FOR AGRICULTURAL DEVELOPMENT HAS BEEN DOCUMENTED BY USAID/PERU OVER THE PAST YEAR, PROVIDING THE BASIC DEVELOPMENT RATIONALE FOR PL 480 TITLE I IN PERU. IN ITS DEVELOPMENT IMPACT, THE TITLE I PROGRAM HAS BASICALLY TWO THRUSTS: ONE, TO FIRM UP GOVERNMENT EXPENDITURES FOR AGRICULTURAL OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LIMA 08068 121538Z

CULTURAL DEVELOPMENT AND NUTRITION AT A TIME OF INTENSE BUDGET AUSTERITY AND INCREASING HUMAN SUFFERING AMONG THE POOR; AND TWO, TO ENCOURAGE THE EMERGENCE OF POSITIVE TRENDS IN PROGRAMMING AND POLICY-MAKING FOR AGRICULTURE AND RURAL DEVELOPMENT. A SUMMARY OF PRIOR ANALYSES PLUS NEW INFORMATION ON THE LIKELY DEVELOPMENT IMPACT OF PL 480 TITLE I IN PERU WILL BE PROVIDED IN SEPTEL.

7. WHILE WE UNDERSTAND THE DIFFICULTIES RELATED TO PROVIDING PERU \$45 MILLION, PARTICULARLY IF IT IS NOT RECLASSIFIED INTO THE 75 PERCENT CATEGORY OF POVERTY COUNTRIES, WE URGE THAT THE HIGHEST POSSIBLE AMOUNT BE ALLOCATED.

8. YOUR PROMPT RESPONSE WILL BE MOST APPRECIATED.
SHLAUDEMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480 TITLE 1, CREDIT AGREEMENTS, FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 12 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LIMA08068
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780372-0991
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780977/aaaacivi.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e5dc5b52-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1470570
Secure: OPEN
Status: NATIVE
Subject: PL 480 TITLE I REQUEST FOR 1979
TAGS: EAID, EAGR, PE
To: STATE
Type: TE
vdkgvkey: odhc://SAS/SAS.dbo.SAS_Docs/e5dc5b52-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014